

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

FINANCIAL REPORT WITH  
SUPPLEMENTARY INFORMATION

Year Ended March 31, 2008

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1973, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Township of White Oak	County Ingham
Fiscal Year End March 31, 2008	Opinion Date July 10, 2008	Date Audit Report Submitted to State July 11, 2008	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

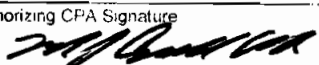
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

**YES NO** Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	N/A	
Certified Public Accountant (Firm Name) Campbell, Kusterer & Co., P.C.		Telephone Number 989-894-1040	
Street Address 512 N. Lincoln, Suite 100, P.O. Box 686		City Bay City	State MI
Zip 48707			
Authorizing CPA Signature 		Printed Name Mark J. Campbell	License Number 1101007803

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT

July 10, 2008

To the Township Board  
Township of White Oak  
Ingham County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Township of White Oak, Ingham County, Michigan as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of White Oak's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of White Oak, Ingham County, Michigan as of March 31, 2008, and the respective changes in financial position thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and budgetary comparison information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Township's basic financial statements. The other supporting information described in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Campbell, Kusterer & Co., PC*  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2008

The Management's Discussion and Analysis report of the Township of White Oak covers the Township's financial performance during the year ended March 31, 2008.

FINANCIAL HIGHLIGHTS

Our financial status remained stable over the last year. Net assets at March 31, 2008, totaled \$404,758.65 for governmental activities. Overall total capital assets increased due to the purchase of playground equipment.

Overall revenues were \$181,057.51. Governmental activities had a \$53,207.93 increase in net assets.

We did not incur any new debt.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts, management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township and the notes to the financial statements.

The first two statements are entity-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities.

The remaining statements are fund financial statements, which focus on individual parts of the Township in more detail.

The notes to the financial statements explain some of the information in the statements and provide more detailed data.

Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

ENTITY-WIDE FINANCIAL STATEMENTS

The entity-wide statements report information about the Township as a whole using accounting methods used by private companies. The statement of net assets includes all of the Township's assets and liabilities. The statement of activities records all of the current year revenues and expenses regardless of when received or paid.

The two entity-wide statements report net assets and how they have changed. Net assets are the difference between the entity's assets and liabilities and this is one method to measure the entity's financial health or position.

Over time increases/decreases in the entity's net assets are an indicator of whether financial position is improving or deteriorating.

To assess overall health of the entity you may also have to consider additional factors such as tax base changes, facility conditions and personnel changes.

All of the activities of the Township are reported as governmental activities. This includes the General Fund, Public Improvement Fund, and the Park Fund.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan  
**CONDENSED FINANCIAL INFORMATION**  
For the year ended March 31, 2008

	<u>Total Governmental Activities 2008</u>
Current Assets	339 023
Capital Assets	<u>65 736</u>
<b>Total Assets</b>	<b><u>404 759</u></b>
Current Liabilities	-
Non-current Liabilities	<u>-</u>
<b>Total Liabilities</b>	<b><u>-</u></b>
<b>Net Assets:</b>	
Invested in Capital Assets	65 736
Unrestricted	<u>339 023</u>
<b>Total Net Assets</b>	<b><u>404 759</u></b>

	<u>Total Governmental Activities 2008</u>
<b>Program Revenues:</b>	
Fees and Charges for Services	36 209
<b>General Revenues:</b>	
Property Taxes	43 034
State Revenue Sharing	83 441
Interest	10 345
Miscellaneous	<u>8 029</u>
<b>Total Revenues</b>	<b><u>181 058</u></b>
<b>Program Expenses:</b>	
Legislative	3 443
General Government	93 831
Public Safety	10 276
Public Works	15 245
Recreation and Culture	<u>5 055</u>
<b>Total Expenses</b>	<b><u>127 850</u></b>
<b>Increase in Net Assets</b>	<b>53 208</b>
<b>Net Assets, April 1</b>	<b><u>351 551</u></b>
<b>Net Assets, March 31</b>	<b><u>404 759</u></b>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the year ended March 31, 2008

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the Township's funds, focusing on significant (major) funds not the Township as a whole. Funds are used to account for specific activities or funding sources. Some funds are required by law or bond covenants. The Township Board also may create them. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following types of funds:

Governmental funds: All of the Township's activities are included in the governmental category. These funds are presented on the modified accrual basis, which is designed to show short-term financial information. You will note that the differences between the Township's entity-wide statements and the fund statements are disclosed in reconciling statements to explain the differences between them. The Township's governmental activities include the General Fund, Public improvement Fund, and the Park Fund.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Our cash position in the governmental activities remains stable.

FINANCIAL ANALYSIS OF THE TOWNSHIP'S FUNDS

The General Fund pays for most of the Township's governmental services. The total expenditures for the year were \$150,281.36.

CAPITAL ASSET AND LONG-TERM DEBT ACTIVITY

The Township's governmental activities invested \$33,600.00 in capital assets this year.

The Township has no long-term debt at this time.

KNOWN FACTORS AFFECTING FUTURE OPERATIONS

The future of state revenue sharing is very clouded and it represents a significant portion of our income.

CONTACTING THE TOWNSHIP'S MANAGEMENT

This financial report is designed to provide our taxpayers, creditors, investors and customers with a general overview of the Townships finances and to demonstrate the Township's accountability for the revenues it receives. If you have any questions concerning this report please contact the Township Treasurer, Mary Joan McArthur (517) 851-8764 or the Township Clerk, Leela A. Vernon (517) 851-8666.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

GOVERNMENT-WIDE STATEMENT OF NET ASSETS  
March 31, 2008

	<u>Governmental Activities</u>
ASSETS:	
CURRENT ASSETS:	
Cash in bank	335 281 49
Taxes receivable	<u>3 741 79</u>
Total Current Assets	<u>339 023 28</u>
NON-CURRENT ASSETS:	
Capital Assets	164 770 97
Less: Accumulated Depreciation	<u>(99 035 60)</u>
Total Non-current Assets	<u>65 735 37</u>
TOTAL ASSETS	<u>404 758 65</u>
LIABILITIES AND NET ASSETS:	
LIABILITIES:	
CURRENT LIABILITIES:	
Accounts payable	<u>-</u>
Total Current Liabilities	<u>-</u>
NON-CURRENT LIABILITIES	<u>-</u>
Total Non-current Liabilities	<u>-</u>
Total liabilities	<u>-</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	65 735 37
Unrestricted	<u>339 023 28</u>
Total Net Assets	<u>404 758 65</u>
TOTAL LIABILITIES AND NET ASSETS	<u>404 758 65</u>

The accompanying notes are an integral part of these financial statements.



TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES  
Year ended March 31, 2008

	<u>Expenses</u>	<u>Program Revenue</u>	<u>Governmental Activities</u>
		<u>Charges for Services</u>	<u>Net (Expense) Revenue and Changes in Net Assets</u>
<b>FUNCTIONS/PROGRAMS</b>			
Governmental Activities:			
Legislative	3 442 32	-	(3 442 32)
General government	93 831 25	23 859 90	(69 971 35)
Public safety	10 276 14	12 349 10	2 072 96
Public works	15 244 82	-	(15 244 82)
Culture and recreation	5 055 05	-	(5 055 05)
Total Governmental Activities	<u>127 849 58</u>	<u>36 209 00</u>	<u>(91 640 58)</u>
General Revenues:			
Property taxes			43 033 64
State revenue sharing			83 440 60
Interest			10 345 13
Miscellaneous			<u>8 029 14</u>
Total General Revenues			<u>144 848 51</u>
Change in net assets			53 207 93
Net assets, beginning of year			<u>351 550 72</u>
Net Assets, End of Year			<u>404 758 65</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

**BALANCE SHEET – GOVERNMENTAL FUNDS**  
March 31, 2008

	<u>General</u>	<u>Public Improvement</u>	<u>Other Funds (Park)</u>	<u>Total</u>
<b><u>Assets</u></b>				
Cash in bank	253 742 35	62 760 45	17 412 44	333 915 24
Taxes receivable	3 741 79	-	-	3 741 79
Due from other funds	<u>1 366 25</u>	<u>-</u>	<u>-</u>	<u>1 366 25</u>
Total Assets	<u>258 850 39</u>	<u>62 760 45</u>	<u>17 412 44</u>	<u>339 023 28</u>
<b><u>Liabilities and Fund Equity</u></b>				
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund equity:				
Fund balances:				
Unreserved:				
Undesignated	<u>258 850 39</u>	<u>62 760 45</u>	<u>17 412 44</u>	<u>339 023 28</u>
Total fund equity	<u>258 850 39</u>	<u>62 760 45</u>	<u>17 412 44</u>	<u>339 023 28</u>
Total Liabilities and Fund Equity	<u>258 850 39</u>	<u>62 760 45</u>	<u>17 412 44</u>	<u>339 023 28</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET ASSETS  
March 31, 2008

TOTAL FUND BALANCES – GOVERNMENTAL FUNDS	339 023 28
Amounts reported for governmental activities in the statement of net assets are different because –	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet:	
Capital assets at cost	164 770 97
Accumulated depreciation	<u>(99 035 60)</u>
TOTAL NET ASSETS – GOVERNMENTAL ACTIVITIES	<u>404 758 65</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS BALANCES-  
GOVERNMENTAL FUNDS  
Year ended March 31, 2008

	<u>General</u>	<u>Public Improvement</u>	<u>Other Funds (Park)</u>	<u>Total</u>
Revenues:				
Property taxes	43 033 64	-	-	43 033 64
Licenses and permits	12 349 10	-	-	12 349 10
State revenue sharing	83 440 60	-	-	83 440 60
Charges for services - PTAF	17 283 00	-	-	17 283 00
Charges for services - other	6 576 90	-	-	6 576 90
Interest	7 164 77	3 103 10	77 26	10 345 13
Miscellaneous	<u>2 397 02</u>	<u>-</u>	<u>5 632 12</u>	<u>8 029 14</u>
Total revenues	<u>172 245 03</u>	<u>3 103 10</u>	<u>5 709 38</u>	<u>181 057 51</u>
Expenditures:				
Legislative				
Township Board	3 442 32	-	-	3 442 32
General government:				
Supervisor	7 036 48	-	-	7 036 48
Elections	1 003 81	-	-	1 003 81
Assessor	9 330 20	-	-	9 330 20
Clerk	13 620 29	-	-	13 620 29
Board of Review	975 00	-	-	975 00
Treasurer	12 841 58	-	-	12 841 58
Building and grounds	27 314 61	-	-	27 314 61
Cemetery	1 292 00	-	-	1 292 00
Unallocated	14 304 11	-	-	14 304 11
Public safety:				
Fire protection	2 109 75	-	-	2 109 75
Protective inspection	4 911 58	-	-	4 911 58
Planning and zoning	3 254 81	-	-	3 254 81
Public works:				
Drains	7 574 82	-	-	7 574 82
Sanitation	7 670 00	-	-	7 670 00
Culture and recreation:				
Parks and recreation	-	-	4 249 01	4 249 01
Capital outlay	<u>33 600 00</u>	<u>-</u>	<u>-</u>	<u>33 600 00</u>
Total expenditures	<u>150 281 36</u>	<u>-</u>	<u>4 249 01</u>	<u>154 530 37</u>
Excess (deficiency) of revenues over expenditures	<u>21 963 67</u>	<u>3 103 10</u>	<u>1 460 37</u>	<u>26 527 14</u>
Other financing sources (uses):				
Operating transfers in	-	2 000 00	5 000 00	7 000 00
Operating transfers out	<u>(7 000 00)</u>	<u>-</u>	<u>-</u>	<u>(7 000 00)</u>
Total other financing sources (uses)	<u>(7 000 00)</u>	<u>2 000 00</u>	<u>5 000 00</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	14 963 67	5 103 10	6 460 37	26 527 14
Fund balances, April 1	<u>243 886 72</u>	<u>57 657 35</u>	<u>10 952 07</u>	<u>312 496 14</u>
Fund Balances, March 31	<u>258 850 39</u>	<u>62 760 45</u>	<u>17 412 44</u>	<u>339 023 28</u>

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended March 31, 2008

NET CHANGE IN FUND BALANCES – TOTAL GOVERNMENTAL FUNDS 26 527 14

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures; in the Statement of Activities,  
these costs are allocated over their estimated useful lives as depreciation

Depreciation Expense	(6 919 21)
Capital Outlay	<u>33 600 00</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES 53 207 93

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 1 – Summary of Significant Accounting Policies

The accounting policies of the Township of White Oak, Ingham County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

The financial statements of the Township contain all the Township funds that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of White Oak. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

Government-Wide and Fund Financial Statements

The government-wide financial statements, (the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All the Township's government-wide activities are considered governmental activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments and other items not properly included among program revenues are reported as general revenue.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Governmental Funds

General Fund

This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants, and other intergovernmental revenues.

Special Revenue Fund

This fund is used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Fund

The Current Tax Collection Fund and the Agency Fund are used to account for assets held as an agent for others.

Assets, Liabilities and Net Assets or Equity

Bank deposits and investments – Cash and cash equivalent investments include cash on hand, demand deposits, certificates of deposit and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Property Taxes

Property taxes and other revenue that are both measurable and available for use to finance operations are recorded as revenue when earned.

Properties are assessed as of December 31 and the related property taxes become a lien on December 1 of the following year. These taxes are due on February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 tax roll millage rate was .8727 mills, and the taxable value was \$49,867,018.00.

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts and other commitments for future expenditures are not recorded.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets are defined by the Township as assets with an initial cost of more than \$1,000.00 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	10-50 years
Equipment	3-25 years

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick pay.

Post-employment Benefits

The Township provides no post-employment benefits to past employees.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2 – Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these financial statements:

1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by a majority vote of the Township Board.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.



TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 3 – Deposits and Investments**

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one financial institution for the deposit of Township funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

	<u>Carrying Amounts</u>
Total Deposits	<u>335,281.49</u>

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	100,467.93
Uninsured and Uncollateralized	<u>236,772.89</u>
Total Deposits	<u>337,240.82</u>

The Township did not have any investments as of March 31, 2008.

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

**Concentration of Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

The investment policy of the Township contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by Michigan law.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits.

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

**Note 3 – Deposits and Investments** (continued)

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Michigan law and the Township's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities.

**Note 4 – Capital Assets**

Capital asset activity of the Township's Governmental activities for the current year was as follows:

	Balance 4/1/07	Additions	Deletions	Balance 3/31/08
<b><u>Governmental Activities:</u></b>				
Land	22 900 73	33 600 00	-	56 500 73
Buildings	62 618 90	-	-	62 618 90
Equipment	45 651 34	-	-	45 651 34
Total	131 170 97	33 600 00	-	164 770 97
Accumulated Depreciation	(92 116 39)	(6 919 21)	-	(99 035 60)
Net Capital Assets	<u>39 054 58</u>	<u>26 680 79</u>	<u>-</u>	<u>65 735 37</u>

**Note 5 – Pension Plan**

The Township does not have a pension plan.

**Note 6 – Deferred Compensation Plan**

The Township does not have a deferred compensation plan.

**Note 7 – Risk Management**

The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**Note 8 – Building Permits**

As of March 31, 2008, the Township had building permit revenues of \$12,349.10 and building permit expenses of \$4,911.58.

**Note 9 – Interfund Receivables and Payables**

The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General	1 366 25	Current Tax Collection	1 366 25
Total	<u>1 366 25</u>	Total	<u>1 366 25</u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2008

Note 10 – Transfers In and Transfers Out

For the fiscal year ended, March 31, 2008, the Township made the following interfund transfers:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
Park	5 000 00	General	5 000 00
Public Improvement	<u>2 000 00</u>	General	<u>2 000 00</u>
Total	<u><u>7 000 00</u></u>	Total	<u><u>7 000 00</u></u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

**BUDGETARY COMPARISON SCHEDULE – GENERAL FUND**  
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
<b>Revenues:</b>				
Property taxes	45 088 43	45 088 43	43 033 64	(2 054 79)
Licenses and permits	7 000 00	7 000 00	12 349 10	5 349 10
State revenue sharing	80 000 00	80 000 00	83 440 60	3 440 60
Charges for services	-	-	17 283 00	17 283 00
Charges for services - other	-	-	6 576 90	6 576 90
Interest	6 000 00	6 000 00	7 164 77	1 164 77
Miscellaneous	-	-	2 397 02	2 397 02
<b>Total revenues</b>	<b>138 088 43</b>	<b>138 088 43</b>	<b>172 245 03</b>	<b>34 156 60</b>
<b>Expenditures:</b>				
Legislative:				
Township Board	4 050 00	4 050 00	3 442 32	(607 68)
General government:				
Supervisor	7 036 48	7 036 48	7 036 48	-
Elections	2 500 00	2 500 00	1 003 81	(1 496 19)
Assessor	10 400 00	10 400 00	9 330 20	(1 069 80)
Clerk	16 302 47	16 302 47	13 620 29	(2 682 18)
Board of Review	1 000 00	1 000 00	975 00	(25 00)
Treasurer	16 827 47	16 827 47	12 841 58	(3 985 89)
Building and grounds	27 000 00	35 130 81	27 314 61	(7 816 20)
Cemetery	800 00	1 292 00	1 292 00	-
Unallocated	26 750 00	26 874 43	14 304 11	(12 570 32)
Public safety:				
Fire protection	35 250 00	35 250 00	2 109 75	(33 140 25)
Protective inspection	2 500 00	10 300 00	4 911 58	(5 388 42)
Planning and zoning	8 250 00	8 250 00	3 254 81	(4 995 19)
Public works:				
Drains at large	10 000 00	10 000 00	7 574 82	(2 425 18)
Sanitation	7 100 00	7 900 00	7 670 00	(230 00)
Capital outlay	33 600 00	33 600 00	33 600 00	-
<b>Total expenditures</b>	<b>209 366 42</b>	<b>226 713 66</b>	<b>150 281 36</b>	<b>(76 432 30)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(71 277 99)</b>	<b>(88 625 23)</b>	<b>21 963 67</b>	<b>110 588 90</b>
<b>Other financing sources (uses):</b>				
Operating transfers out	(7 000 00)	(7 000 00)	(7 000 00)	-
<b>Total other financing sources (uses)</b>	<b>(7 000 00)</b>	<b>(7 000 00)</b>	<b>(7 000 00)</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>(78 277 99)</b>	<b>(95 625 23)</b>	<b>14 963 67</b>	<b>110 588 90</b>
<b>Fund balance, April 1</b>	<b>232 870 60</b>	<b>232 870 60</b>	<b>243 886 72</b>	<b>11 016 12</b>
<b>Fund Balance, March 31</b>	<b>154 592 61</b>	<b>137 245 37</b>	<b>258 850 39</b>	<b>121 605 02</b>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

**BUDGETARY COMPARISON SCHEDULE – PUBLIC IMPROVEMENT FUND**  
Year ended March 31, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Over (Under)
Revenues:				
Interest	<u>2 200 00</u>	<u>2 200 00</u>	<u>3 103 10</u>	<u>903 10</u>
Total revenues	<u>2 200 00</u>	<u>2 200 00</u>	<u>3 103 10</u>	<u>903 10</u>
Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	2 200 00	2 200 00	3 103 10	903 10
Other financing sources (uses):				
Operating transfers out	<u>2 000 00</u>	<u>2 000 00</u>	<u>2 000 00</u>	<u>-</u>
Total other financing sources (uses)	<u>2 000 00</u>	<u>2 000 00</u>	<u>2 000 00</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	4 200 00	4 200 00	5 103 10	903 10
Fund balance, April 1	<u>57 448 58</u>	<u>57 448 58</u>	<u>57 657 35</u>	<u>208 77</u>
Fund Balance, March 31	<u>61 648 58</u>	<u>61 648 58</u>	<u>62 760 45</u>	<u>1 111 87</u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year ended March 31, 2008

Township Board:	
Salaries	3 277 89
Miscellaneous	164 43
	<u>3 442 32</u>
Supervisor:	
Salary	7 036 48
	<u>7 036 48</u>
Elections:	1 003 81
	<u>1 003 81</u>
Assessor:	
Salary	8 775 20
Supplies	555 00
	<u>9 330 20</u>
Clerk:	
Salary – Clerk	11 727 47
Salary – Deputy Clerk	1 125 20
Supplies	593 49
Mileage	174 13
	<u>13 620 29</u>
Board of Review:	
Per diem	975 00
	<u>975 00</u>
Treasurer:	
Salary – Treasurer	11 727 47
Supplies	714 11
Mileage	400 00
	<u>12 841 58</u>
Building and grounds:	
Salary	927 11
Supplies	458 67
Insurance	5 745 00
Utilities	4 484 98
Repairs and maintenance	13 085 85
Mowing	2 613 00
	<u>27 314 61</u>
Cemetery:	
Repairs and maintenance	1 292 00
	<u>1 292 00</u>
Unallocated:	
Memberships and dues	1 354 46
Social security	4 226 59
Legal fees	850 00
Professional services	3 439 65
Miscellaneous	4 433 41
	<u>14 304 11</u>
Fire protection:	
Contracted services	2 109 75
	<u>2 109 75</u>
Protective inspection	4 911 58
	<u>4 911 58</u>
Planning and zoning	3 254 81
	<u>3 254 81</u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

GENERAL FUND EXPENDITURES BY DETAILED ACCOUNT  
Year ended March 31, 2008

Drains at large	<u>7 574 82</u>
Sanitation:	
Contracted services	<u>7 670 00</u>
Capital outlay	<u>33 600 00</u>
Total Expenditures	<u>150 281 36</u>

TOWNSHIP OF WHITE OAK  
Ingham County, Michigan

**COMBINING STATEMENT OF CHANGES IN ASSETS  
AND LIABILITIES – ALL AGENCY FUNDS**  
Year ended March 31, 2008

	<u>Balance 4/1/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/08</u>
<b><u>Assets</u></b>				
Cash in Bank	<u>1 121 74</u>	<u>1 741 047 90</u>	<u>1 740 803 39</u>	<u>1 366 25</u>
<b><u>Liabilities</u></b>				
Due to other funds	1 121 74	63 265 48	63 020 97	1 366 25
Due to others	<u>-</u>	<u>1 677 782 42</u>	<u>1 677 782 42</u>	<u>-</u>
Total Liabilities	<u>1 121 74</u>	<u>1 741 047 90</u>	<u>1 740 803 39</u>	<u>1 366 25</u>
<b><u>AGENCY FUND</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	<u>400 85</u>	<u>15 359 63</u>	<u>15 292 55</u>	<u>467 93</u>
<b><u>Liabilities</u></b>				
Due to Others	<u>400 85</u>	<u>15 359 63</u>	<u>15 292 55</u>	<u>467 93</u>
<b><u>TOTALS – ALL AGENCY FUNDS</u></b>				
<b><u>Assets</u></b>				
Cash in Bank	<u>1 522 59</u>	<u>1 756 407 53</u>	<u>1 756 095 94</u>	<u>1 834 18</u>
<b><u>Liabilities</u></b>				
Due to other funds	1 121 74	63 265 48	63 020 97	1 366 25
Due to others	<u>400 85</u>	<u>1 693 142 05</u>	<u>1 693 074 97</u>	<u>467 93</u>
Total Liabilities	<u>1 522 59</u>	<u>1 756 407 53</u>	<u>1 756 095 94</u>	<u>1 834 18</u>



# **CAMPBELL, KUSTERER & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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## **AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS**

July 10, 2008

To the Township Board  
Township of White Oak  
Ingham County, Michigan

We have audited the financial statements of the Township of White Oak for the year ended March 31, 2008. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES**

We conducted our audit of the financial statements of the Township of White Oak in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

To the Township Board  
Township of White Oak  
Ingham County, Michigan

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

The Township's system of internal control is affected by the size of the staff that it can employ.

The ultimate accounting system would include enough employees to completely segregate all aspects of each transaction. Different departments or individuals would handle: transaction authorization, transaction execution, asset handling, recording of transactions, review of transactions and subsequent control of assets.

The Township cannot enact a complete segregation of all aspects of each transaction due to the nature of local units of government. The "cost to benefit" relationship also would not justify a complete segregation of all duties.

We recommend that the Township Board Members understand these circumstances when performing their oversight responsibilities.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Township's financial statements and this communication of these matters does not affect our report on the Township's financial statements, dated March 31, 2008.

### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

  
CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants